

Date: 2023-05-29

Subject: **2023 First Quarter Operating Budget Report**

Contact: Nash Damer, Treasurer, Finance

Report Number: Corporate Support Services-2023-498

Recommendations:

1. That, the report from Nash Damer, Treasurer, Finance to the Committee of Council meeting of June 21, 2023, re: **2023 First Quarter Operating Budget Report**, be received.

Overview:

- **The first quarter review of the operating budget consists of a high-level assessment to determine if material variances exist outside of historical trends. This assessment includes adjustments to account for timing differences in transaction processing and these adjustments have been itemized in Appendix 1 of this report.**
- **As at March 31st, 2023, the operating budget incurred expenditures of \$246.6 million, or 29% of the \$845.0 million expenditure budget and recognized revenue of \$392.3 million or 46% of the \$845.0 million revenue budget.**
- **By comparison, the 2019-2022 Q1 fiscal results ranged from 28% - 29% of operating budget expenditures incurred, while revenue recognized was in the range of 46% - 48%.**
- **These early indicators suggest that the 2023 operating budget is progressing as intended, consistent with historical trends and in-line with the resource allocations approved by Council.**
- **The City has \$22.8 million in Federal-Provincial Pandemic recovery funding remaining (\$14.2 million Transit Stream and \$8.6 million Municipal Operating Stream) as at March 31st, which will be available to offset any potential future deficits.**

- **Staff continue to monitor the 2023 budget and will be conducting more detailed analysis and projections for the Second and Third Quarter Forecast reports, as a clearer picture of the annual variances become available.**

Background:

The City's financial management policies require staff to provide Council with periodic status updates related to the City's finances. This report is focused on updating Council on the status of the City's 2023 first quarter operating budget.

At this point in the fiscal cycle, it is premature to project trends or forecast year-end results, given the limited amount of actual financial transaction activity. Therefore, Finance has conducted a high-level assessment in comparison to historic trends to determine if there are any large anomalies or areas of concern for Council to consider.

Current Situation:

As at March 31st, 2023, the operating budget incurred expenditures of \$246.6 million, or 29% of the \$845.0 million expenditure budget and recognized revenue of \$392.3 million or 46% of the \$845 million revenue budget.

By comparison, the 2019-2022 Q1 fiscal results ranged from 28%-29% of operating budget expenditures incurred, while revenue recognized was in the range of 46% - 48%.

These early indicators suggest that the 2023 operating budget is progressing as intended, consistent with historical trends and in-line with the resource allocations approved by Council.

Note that adjustments were made to account for timing differences in transaction processing. These adjustments are itemized in Appendix 1 of this report.

The following tables provide departmental breakdowns of the Q1 results, along with historical comparisons by account category:

TABLE 1: 2023 Q1 DEPARTMENTAL BREAKDOWN

DEPARTMENT	TOTAL EXPENDITURES			TOTAL REVENUES		
	2023 Annual Budget	Q1 YTD Actuals	Actual % of Annual Budget	2023 Annual Budget	Q1 YTD Actuals	Actual % of Annual Budget
Brampton Public Library	20,575	4,890	23.8%	-	-	0.0%
Community Services	122,658	19,320	15.8%	(37,997)	(7,338)	19.3%
Corporate Support Services	74,965	22,050	29.4%	(5,910)	(1,256)	21.3%
Fire & Emergency Services	91,925	19,779	21.5%	(1,799)	(62)	3.5%
General Government*	131,169	102,646	78.3%	(608,346)	(340,779)	56.0%
Legislative Services	38,473	7,496	19.5%	(25,912)	(5,658)	21.8%
Mayor & Members Of Council	5,545	1,110	20.0%	-	-	0.0%
Office of the CAO	16,735	3,312	19.8%	(1,495)	(318)	21.2%
Planning, Building & Growth Management	41,062	6,933	16.9%	(39,211)	(7,776)	19.8%
Public Works & Engineering	94,575	23,501	24.8%	(8,670)	(1,017)	11.7%
Transit	207,319	35,556	17.2%	(115,662)	(28,055)	24.3%
Grand Total	845,002	246,593	29.2%	(845,002)	(392,259)	46.4%

* Adjusted differences in booking due to timing. See Appendix 1 for details.

TABLE 2: HISTORICAL COMPARISON OF Q1 RESULTS (2020-2023)

	% OF ANNUAL BUDGET			
	2023 Q1 Adjusted	2022 Q1 Adjusted	2021 Q1 Adjusted	2020 Q1 Results (pre-pandemic)
Labour Expenditures	20.1%	20.3%	19.5%	23.4%
Other Expenditures	41.8%	41.2%	40.2%	37.5%
Total Expenditures	29.2%	28.9%	28.2%	29.4%
Revenues	46.4%	47.2%	45.8%	48.0%

The City has \$22.8 million in Federal-Provincial Pandemic recovery funding remaining (\$14.2 million Transit Stream and \$8.6 million Municipal Operating Stream) as at March 31st, which will be available to offset any potential future deficits.

Staff continue to monitor the 2023 budget and will be conducting more detailed analysis and projections for the Second and Third Quarter Forecast reports, as a clearer picture of the annual variances become available.

Term of Council Priorities:

This report fulfills the Council Priority of a Well-Run City through strict adherence to effective financial management policies and supports Brampton's 2040 Vision by ensuring sustainable financial operations.

Conclusion:

As at March 31st, 2023, the operating budget incurred expenditures of \$246.6 million, or 29% of the \$845.0 million expenditure budget and recognized revenue of \$392.3 million or 46% of the \$845 million revenue budget.

These early indicators suggest that the 2023 operating budget is progressing as intended, consistent with historical trends and in-line with the resource allocations approved by Council.

Staff continue to monitor the 2023 budget and will be conducting more detailed analysis and projections for the Second and Third Quarter Forecast reports, as a clearer picture of the annual variances become available.

Authored by:

Reviewed by:

Mark Medeiros,
Senior Manager, Financial Planning
and Analytics

Nash Damer,
Treasurer, Finance

Approved by:

Approved by:

Alex Milojevic,
Commissioner, Corporate Support
Services

Marlon Kallideen,
Chief Administrative Officer

Attachments:

- Appendix 1 – Adjustments to Account for Timing Differences